

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunkering remains suspended in Gibraltar since yesterday, while it continues to run smoothly at the nearby ports of Algeciras and Ceuta.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$12/mt) and Rotterdam (\$4/mt), and unchanged in Durban**
- **LSMGO prices up in Gibraltar (\$16/mt) and Rotterdam (\$10/mt), and unchanged in Durban**
- **HSFO prices up in Gibraltar (\$1/mt), and unchanged in Rotterdam**

Gibraltar's VLSFO price gain has outpaced that of Rotterdam, to widen its price premium over Rotterdam's VLSFO by \$8/mt, to \$20/mt now.

Port operations, including bunkering services, remain suspended in Gibraltar after an oil spill incident was reported in the bay yesterday. Currently, no bunkering is allowed at the port's Western anchorage, port agent MH Bland tells ENGINE. It is unclear when the port authority will allow bunkering to resume at the anchorage, it adds.

The suspension has triggered congestion in Gibraltar, with 12 vessels awaiting bunkers there, up from nine yesterday, according to MH Bland. Meanwhile, bunkering continues to run smoothly at the nearby ports of Algeciras and Ceuta.

In Ceuta, VLSFO and LSMGO availability is said to be good, with one supplier able to deliver stems for very prompt dates (0-2 days), a source says. About 36,000 mt of VLSFO was discharged in the port yesterday, and the entire volume went to the same supplier, according to Port of Ceuta's recent social media post.

VLSFO availability is also good in Las Palmas. Some suppliers can deliver the grade for prompt delivery dates. HSFO supply is relatively tighter there. One supplier is running low on HSFO stocks and has no plans to replenish them soon, a source says.

Brent

The front-month ICE Brent contract has gained \$0.27/bbl on the day, to \$85.51/bbl at 09.00 GMT.

Upward pressure:

Brent gained upward momentum after the US oil inventory data by the American Petroleum Institute (API) showed a drop of 15.4 million bbls in the week ended 28 July, Reuters reported citing market sources.

The fall in US oil stocks has raised hopes of strong demand growth during the summer season in the world's largest oil consumer.

"Oil was the biggest gainer in July, wiping out all its cumulative losses from H1 to go flat on the year," said SPI Asset Management's analyst Stephen Innes.

Separately, the US government has offered to buy 6 million bbls of oil for the US Strategic Petroleum Reserve (SPR), a spokesperson from the US Energy Department told Reuters.

Oil investors are now waiting for more cues from the OPEC+ meeting later this week. They expect Saudi Arabia to announce an extension of its voluntary output cuts into September.

Downward pressure:

Brent futures felt some downward pressure amid growing concerns about China's economic recovery.

Market analysts argue that actual improvement in demand in the world's second-largest oil importer can only be seen if China discloses the strategies it has adopted to tackle COVID-19 outbreaks.

Additionally, further interest rate hikes by the US Federal Reserve (Fed) can also weigh down on Brent as a strong greenback makes commodities such as oil costlier for non-dollar buyers. The US Fed hiked interest rates by 25 basis points last week.

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